

A work project, present as a part of the requirements for the Award of a Master Degree in  
International Management from NOVA - School of Business and Economics

**ANALYSIS OF F&B BEST PRACTICES IN THE HOSPITALITY INDUSTRY TO  
IMPROVE THE ATTRACTIVENESS OF INTERCONTINENTAL RESTAURANT IN  
LISBON - AKLA**

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## **Analysis of the F&B best Practices in the Hospitality Industry to improve the attractiveness of Intercontinental Restaurant in Lisbon – Akla**

**Abstract:** The purpose of this project is answering the question about how InterContinental Lisboa's restaurant Akla could increase its attractiveness, especially for non-guests, becoming a successful restaurant, by incorporating some concepts and theories of the literature review. Therefore, the focus is F&B best practices and customers' motivations to eat out. A full analysis of the restaurant (physical structure, organizational structure, marketing strategies and competitive set) and its practices was performed in order to better understand what must be changed and what must be kept, which in the end is reflected in the recommendations.

**Key Words:** Hospitality Industry, F&B, Best Practices, InterContinental Hotel Group

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## Glossary

**Fine dining:** a style of eating that usually takes place in expensive restaurants, where especially good food is served to people, often in a formal way. (Cambridge dictionary, 2017)

**Franchising:** Occurs when a firm (the franchisor) sells the right to use its trade name, operating systems, and product specifications to another firm (the franchisee) (Watson et. Al, 2016)

**Leasing:** a financial arrangement in which a person, company, etc. pays to use land, a vehicle, etc. for a particular period of time. (Cambridge dictionary, 2017)

**Maitre d'hotel:** manages the public part, or "front of the house", of a formal restaurant. (Wikipedia,2017)

**Management contract:** A contract to operate a hotel on behalf of the hotel owner. (IHG 2012)

**RevPar:** Revenue per available room is a performance metric used in the hotel industry and is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate. (Investopedia, 2017)

## Introduction

As the world economic crises hits Portugal around 2008 to 2010, the purchasing power of the customers declined abruptly impacting the number of people going out to eat. However, this tendency changed in 2013/2014 with the improvement of tourism and the increase of internal confidence in the national economy. Consequently, the number of accommodation options has escalated exponentially over these past years; and at the same time, the number of restaurants has also grown, especially since 2014. This has inevitably been increasing competition in the sector.

Most Hotels face the issue that the majority of their customers in their restaurants are hotel guests which is a trend they intend to change, not only to improve profitability but also to change the belief that hotel restaurants offer a poor value-of-money proposition (Siguaw and Enz, 1999). Akla, Intercontinental Lisbon's restaurant is no different, having a ratio of approximately 20% to 80% of non-guests and guest respectively. Even with a door opened directly to the street, Akla is systematically faced with this issue. However, despite this advantage (no need to cross the hotel lobby to enter the restaurant) other factors need to be changed in order to increase attractiveness to locals and residents which will be further discussed.

The intent of this work project is to understand how Akla restaurant, located in front of Parque Eduardo VII, can become more attractive to non-guests by evaluating the overall tourism in Portugal and the foodservice industry. Besides, benchmarking will also be an essential element in this analysis since it is important to assess which and how competitors act in the same environment and to identify the best practices in the industry. As a conclusion a few recommendations will be presented; they will be useful not only to Akla in InterContinental Lisboa but to any hotel restaurant, since the utmost goal of this work project is to make a positive contribution to the hospitality industry.

## 1. Methodology

Both primary and secondary data were obtained in order to better assess the company and its current efforts to improve attractiveness of its main restaurant, Akla. The overall assessment of the industry as well as the best practices in hotel restaurants was based on both data collection (primary and secondary) and benchmarking with the top 10 restaurants in Lisbon.

Interviews were conducted with Luis Mendes (F&B manager) and Victor Silva (Human Resources Director) as primary data. As for research, articles, papers, print media and online media (blogs, websites, etc.) as well as reports, online databases and books were explored and studied for secondary data collection.

## 2. Tourism Industry overview in Portugal

The tourism in Portugal has been growing steadily, hitting records in terms of overnight stays, flights and number of visitors in museums and monuments, which is expected to continue. For this reason, new hotels and other types of accommodation continue to open every year. Nowadays, tourism is one of the most important sectors in Portugal representing 7% of the GDP (Franca, 2017). It is the sector that shows the biggest growth and the better prospects. However, even though it was only in the past few years that the growth has been more intense, the progress of overnight hotel stays has been increasing for the past 40 years, with a slight decline after the world economic crises in 2008-2010 (appendix A - Tourism evolution in Portugal). In addition, the tourism revenue has been increasing simultaneously, reaching its peak in August 2017 with 2004.34 million euros (Trading Economics, 2017).

The number of tourists is also increasing as anticipated and to emphasize this growth tendency, Portugal is expected once again to break records, exceeding 21 million tourists until the end of 2017, when compared to 2016 which had approximately 19 million tourists (Pinto, 2017). Until

April 2017, the number of tourists visiting the country was already 10.9% higher when compared to the same timeframe the previous year (Sanlez, 2017), supporting the expectations mentioned previously. Besides, Portugal has been earning more and more awards as a country and as a tourism destination, having won for the first time the best destination in Europe in 2017 by the World Travel Awards (Lusa, 2017; Donn, 2017). Furthermore, the Turismo de Portugal won another World Travel Award in 2017, for the 4<sup>th</sup> time in a row (Turismo de Portugal, 2017). This award represents the commitment of this organization to develop the tourism industry not only locally but also globally, boosting healthy competitiveness and quality tourism. Among one of its most recent strategies, is the creation of a direct flight between Lisbon and Beijing to promote Portugal as a destination and to increase Asian inflow to the country (Lusa, 2017).

## 2.1 Foodservice Industry in Portugal

Eating out has been in the Portuguese culture and way of life since the intensification of the urbanization trend in the late 1970's, mainly because of the extensive choices available and the convenient price offered by many restaurants. One can have a full meal by 10 euros only (Euromonitor, 2017), even less with special lunch menus allowing low income families to dine out as well. Consequently, when compared to other European countries, Portugal is the one whose population goes out to eat the most (Margato, 2016; Vincente, 2016; Lopes, 2017). However, Portugal was severely shaken by the world economic crises, with a decrease of purchasing power combined with high levels of unemployment (surpassing 17% of the active population in 2013). This turndown led to a forceful change in old habits such as eating out which became less and less common for the Portuguese. Nevertheless, this situation improved throughout the years that followed. More confidence in the economy enhanced domestic demand which combined with the intensification in tourism led to a growth in the restaurant service sector. Besides, according to



Euromonitor statistics (2017), an increased food service options (Appendix B – Restaurants evolution in Portugal in terms of number of outlets, food value and number of transactions) was supported by the growth in the number of hotels as well as lodging food services (Appendix C – Restaurants in the lodging industry evolution in Portugal). The number of restaurants (food service in general) has been increasing since 2014 probably as a consequence of an increase in transactions as well as foodservice value since 2013 (Appendix B). According to Porter's industry competitive analysis, once a business/industry has an outstanding performance or an improved one, others will open similar businesses to be able to acquire equivalent returns.

### 2.1.1 Best restaurants in Lisbon

According to Gao et. al (2017) 98% of people trust that online reviews are somewhat reliable and some scholars even advocate that 'comparison opinion in online reviews is of high quality and trusted' (Varathan et al., 2017). Consequently, the usage of reviewing websites is growing mainly because of the proliferation of electronic word of mouth which is becoming more influential. Following this line of thought, TripAdvisor was the major reference used due to its major impact in the hospitality industry and foodservice industry (Chipkin, 2014). In the end, this is why the opinion of diners is a top notch reference tool when assessing the best restaurants.

The assessment of the best restaurants in Lisbon was done according to the number of reviews and the overall score on 2 different online platforms (Tripadvisor and Zomato) for its impact on consumers' decision making process (Cheng and Ho, 2015). The website *The Fork* was also evaluated since Akla receives daily reservations from this website. However, less attention was given to it due to lack of information.

The key factors for the assessment of the top restaurants were: the category Akla was in (fine dining), location (Lisbon) and the type of food served (Portuguese food or Portuguese flavours combined with international influences). The selection was based on these 3 factors in order to

analyse the competitive environment which will be further developed in the section 4 (InterContinental Lisboa and Akla restaurant) of this work project. The evaluation was based on scores above 4 out of 5 (on both websites) with at least 500 reviews (only applicable for Tripadvisor) in order to have a better appraisal of the outlets. Besides, most restaurants were also referred on other websites or won awards reinforcing their strong position in the market. Two assessments were performed, the first on the 9<sup>th</sup> of November 2017 which was then reviewed on the 4<sup>th</sup> of December to confirm the restaurants ranking positions. The top 10 restaurants in Lisbon are the following:

*Table 1 - Reviews and scores of the top restaurants in Lisbon on TripAdvisor, Zomato and Fork*

Ranking	Restaurant	Tripadvisor		Zomato		Fork	
		reviews	score (x/5)	votes	Score (x/5)	reviews	score (x/10)
1	Solar dos Presuntos	4547	4,5	698	4,6	-	-
2	100 Maneiras	1863	4,5	352	4,4	417	9,2
3	Cantinho do Avillez	1779	4	989	4,4	-	-
4	Belcanto	1614	4,5	319	4,7	-	-
5	A Cevicheria	1340	4,5	858	4,7	-	-
6	Lisboa à Noite	1143	4,5	143	4,1	286	9
7	Largo	1092	4	466	4,1	606	8,4
8	Mini Bar	991	4,5	619	4,8	-	-
9	Tagide	987	4	202	4	103	8,9
10	Feitoria	537	4,5	128	4,3	146	9,5

*Source 1: tripadvisor.com; zomato.com and thefork.com*

Besides evaluating the 10 top restaurants, it was important to look at the closest hotel restaurants in the same area as well. The following restaurants were identified at one of the interviews with Mr. Luis Mendes, being classified as competitors: Varanda from the Hotel Ritz Four Seasons, Flor-de-Lis Restaurant from Epic Sana Lisboa Hotel, Grill D.Fernando from Altis Lisboa and finally Contemporâneo Restaurant from Sana Lisboa.

*Table 2 - Reviews and scores of Akla and its competitors in the same area in Lisbon on TripAdvisor, Zomato and Fork*

Restaurant	Tripadvisor		Zomato		Fork	
	reviews	score (x/5)	votes	Score (x/5)	reviews	score (x/10)
Varanda (Hotel Ritz Four Seasons)	275	4,5	102	4,3	274	9,7
Flor-de-Lis (Epic Sana Lisboa Hotel)	97	4,5	68	4	84	9,1
Grill D.Fernando (Altis Lisboa)	68	4	12	3,3	22	8,8
Contemporâneo Restaurant (Sana Lisboa)	-	-	15	3,4	14	8,9
Akla Restaurant (Intercontinental Lisboa)	63	4,5	46	3,9	251	9

*Source 2: tripadvisor.com; zomato.com and thefork.com*

Some of the top restaurants won awards and/or were mentioned on magazines as the places to go to such as Belcanto (Barata, 2017), a Cevicheria (1<sup>st</sup> in the top 10 restaurants by Time out Lisbon) and Mini bar (Condé Nast Traveller, 2015), just to mention a few.

To conclude, even with different sources, the restaurants identified as the best in Lisbon are mentioned multiple times reinforcing the analysis made previously. Regarding the retention rate and consumer behaviour, the websites studied did not provide enough information to properly assess these areas of study and for that reason, it was not mentioned further in this work project. Besides, regarding customer satisfaction, it can only be evaluated that it is quite high in the restaurants mentioned. However, the assessment was not developed further because there was no real comparison between restaurants and hotel restaurants sharing the same features (food served, location, service, etc.) to assess their performances (in terms of reviews and scores). A study focused on this matter should be developed to better understand customer behaviour and satisfaction.

### 3. Literature Review

#### *a. Eating out and motivations*

Most studies about eating out were written in the last few decades, mainly because it started to be a relevant activity with increased food spending outside home, better earnings and the evolving contribution of women in the job market (Díaz-Méndez and García-Espejo, 2017). This growth in foodservice activity increased the need to further understand people's behaviour and motivations. According to Robert C. Beck (2000) motivation is a “theoretical concept that accounts for why people choose to engage in particular behaviours at particular times”. Originally the motivations behind eating out were simply about utility and convenience (Warde and Martens, 2000), however it has been changing in the last few decades. Nowadays, the practice of dinning out is a pleasure

rather than a necessity, it is now seen as a distraction and satisfactory activity (Finkelstein, 1989). Besides, it is no longer an upper class activity but to all layers in the community (Bennett et al., 2009), especially in Portugal which is one of the countries where people dine out the most (Vincente, 2016). However, each person is motivated differently (Yun and Zhao, 2006) therefore there's a need to classify the most impactful factors.

According to Swarbrooke and Horner (1999) tourism motivations include cultural, physical, social status (Morgan et al., 2008), personal development, emotional and personal factors. Also these same factors can be applied to restaurant customers' motivations which is supported by Furchgott (1999). He stated that eating and drinking did not only depend on biological factors but also 'on the human level' such as social settings, culture, developmental influences—habits as well as sensory quality which ultimately shape motivation and how satisfactory the dining experience is (Cardello, 1995; Civile, 1991; Namkung & Jang, 2007). Additionally, it was identified that “doing or experiencing something different from everyday life, getting a break from cooking, relaxing, having a treat, socializing, celebrating and demonstrating a liking for food” were also motivational factors (Warde and Martens, 2002; Resende and Silva, 2012). Besides, social interaction between customer and employee, social comfort, employee's enthusiasm and friendly interaction had an impact on purchases (Butcher et al., 2002). Despite motivation being the first element in the decision making process, the actual experience influences repeat purchases. Food quality is one of the prime influencers for customer satisfaction (Sulek and Hensley, 2004) as well as the taste and attractive presentation (Namkung and Jang, 2008) mainly because it creates memorable experiences (Harrington et al., 2012; Sulek and Hensley, 2004). In addition, elements such as music, odour, décor, table layout and seating must also be taken into consideration (Edwards, 2013; Resende and Silva, 2012) when creating a competitive advantage which is of utmost importance in a fierce competitive environment such as the one Akla is in, the luxury foodservice industry.

### ***b. Competition and competitive advantage***

According to the Business dictionary (2017), competition is the rivalry between sellers who try to attain goals such as increasing profits, market share, and sales volume by proposing the best combination of price, quality and service. Being quality the consumers' assessment of a company's outstanding performance (product and service) when compared to its competitors according to Taylor and Baker (1994). Porter (1985) stated that a company is able to attain competitive advantage either by cost leadership (similar buyer value at a lower cost than its rivals), or differentiation (comparable cost but unique buyer value). Competitive advantage is then the optimal combination of the four pillars of a company (know how, labor, processes and systems). Being these organizational resources intimately related to the creation and capture of value as well as sustainability of that same advantage, which in the end is reflected on the abnormal returns of a company (Grant, 1991).

According to Edwards (2013), hotel restaurants are an additional offering that complements the primary business of Hotels (accommodation). However, there is a growing concern about hotel's F&B service in terms of attractiveness. In this line of thought, it is important to assess this competitive environment since restaurants must account for all foodservice businesses that provide food and beverages either primarily (independent restaurants) or complementary (hotels). This fact supports the fierce competition that exists in the luxury foodservice industry (Han and Hyun, 2017). According to Radjenovic (2014) a fine dining model is created based on a business plan, site selection and construction, equipping of facilities, human resources, organization of menu, kitchen and supply and hygiene. Besides, one of the most important elements of a business plan is the creation of a marketing mix strategy, including all Kotler's 7 P's of the marketing mix (2012) – product, place, price, promotion, process, people and physical evidence (Zeithaml and Bitner, 2003) – which players need to excel at to succeed. Besides, pioneers in the Food Sociology field, stated

how important it is to be attentive to trends as well as variable aspects in eating habits (Díaz-Méndez and García-Espejo, 2017). The recent predisposition for organic food and the usage of local products is currently a differentiator element in the industry. According to Poulston and Yiu (2011), chefs advocate that organic food is better in all aspects (e.g. taste and nutritional value) mainly because of the absence of pesticides and antibiotics, increasing the overall quality of the dish. Since the higher value of organic ingredients meets fine dining restaurants' culinary expectations for an upscale experience (Lu and Gursay, 2017). Following this line of thought, the type and style of food allows restaurants to gain competitive advantage (Edwards, 2013) which ultimately creates repeat purchase. Loyal customers spread positive word-of-mouth (consequently increasing customer base) and are less price-sensitive which consequently is represented by bigger purchases and more money spent (Semerciöz et al., 2015). In order to encourage loyalty, companies need to address the chosen target market, especially in the luxury restaurant sector which is the segment that has the lowest re-visiting rate (Hwang and Hyun, 2013). To do so, it is of utmost importance the creation of a favourable perception of the overall image of the restaurant in the consumers' minds since their choice is influenced by how the restaurant is perceived (Hwang and Ok, 2013). Being the overall image of the restaurant represented by the broad set of costumers' beliefs, ideas about a company, impressions, brand, product and service.

In the end, in such competitive setting, hotel restaurants not only have to be concerned with their product being reflected on customer's satisfaction but also on the perceived idea about the restaurant itself. In the luxury segment, differentiation is the way to go since the intention is to create a unique product (valuable, rare, inimitable and organized) to be able to stand out in an endless array of options. Akla intends to differentiate in terms of food quality, competent Chef, dining room décor, and in many other aspects, targeting a niche market (middle to upper class

income groups). Ultimately, Akla intends to exceed customer expectations which play a big role in loyalty.

### ***c. Decision making: The influence of internet***

Nowadays, one of the ways companies have to show the world how unique they are is through social media, online review platforms, company's website, etc. making the internet a major driver of success nowadays. This 'new' way of communication is altering the connection between consumer and business (Semerciöz et al., 2015) changing completely the approach to targeted markets. Therefore, online marketing is an important asset since it can be used to reach everyone that owns a computer and cell phone connected to the internet. Having this in mind, marketing strategies should not only include targeted campaigns but also a constant update on society's trends and new developments such as online platforms (e.g. Tripadvisor, Zomato and Fork). These platforms allow restaurants to differentiate from each other in terms of menu options and design for example, allowing restaurants to keep track of competitors' actions. Many consumers select restaurants based on the menu options and reviews (Lu and Gursoy, 2017) and approximately 80% of consumers state the importance of viewing the restaurant's menu beforehand to help the final decision. Additionally, three in four smartphone users use online search results to assist decision making (Brandau, 2013), supporting the increased influence of 'pull media'. All hotel restaurants need to be aware of the changing environment in order to successfully capture customers' attention and Akla is no different. There is a need to keep up with technology and all trends that might affect the business.

### ***c. Best practices***

Even with the proliferation of the internet, there are certain aspects that will always be present when creating competitive advantages as well as when becoming best practice leaders, such as product improvement and cost efficiency. According to Investopedia (2017), best practices are the

top or most efficient systems to carry out a business task, being applied to any industry. In the foodservice industry, the empirical studies about best practices are lacking, especially in the luxury segment. Even though there are a large number of online magazine articles (FSR online magazine, Foodservice director, Washington Hospitality Association, etc.), the information available is about the same. Best practices can vary in terms of focus even within the foodservice industry such as overall management, human resources, cost and crisis management, inventory, food safety and hygiene, customer service, marketing strategies, and many others.

This project will focus in some of the practices mentioned above as well as their combination since the goal of the work project is assessing the best ways Akla can improve as a restaurant by becoming more attractive to its targeted audience.

Siguaw and Enz (1999) identified in the United States, 10 food and beverage best practice champions (The Boulders, the Breakers, Country Inns & Suites, Four Seasons & Regent Hotels & Resorts, The Greenbrier, Hyatt Arlington Hotel, The Pierre, Walt Disney World Resorts and Theme Parks, The Waldorf Astoria, and Wyndham Hotels and Resorts). In this study, the practices initiated by the hotels mentioned can be categorized into three different areas: products' high quality, outlets' design and concepts and finally cost control and generate extra revenue. By having this in mind the hotel restaurants mentioned in the study were taken into account when recommending solutions as to what Akla can do to improve its attractiveness.

#### 4. InterContinental Hotels & Resorts

InterContinental Hotels & Resorts was bought by IHG (Appendix D – IHG analysis) in 1998. However, its first hotel opened in 1949 in Belém, Brazil and over the years it has been expanding across the world before and after IHG, having more than 180 hotels in more than 65 different countries today. As for its presence in Portugal, its first debut was in Lisbon and Porto in 2014



when the company made a management contract with both hotels, followed by InterContinental Estoril in 2015 with the same type of agreement (management contract).

The brand is recognized by its luxury traveller focus and by having in mind the most unique and genuine experiences, the brand expands to the most desired destinations. From boutique hotels to exotic resorts, InterContinental Hotels & Resorts is able to provide a variety of different positive emotions in its guests and customers, always having in its core, its contemporaneous luxury and glamorous service (Appendix E).

#### 4.1 Brand's overview and Financial Analysis

The brand has been growing steadily since 2009 in terms of number of facilities. InterContinental had 166 hotels across more than 60 countries in 2009, having 187 hotels in 2016. Regarding the total gross revenue (which according to IHG annual report is the total room revenue at franchised hotels), it has been increasing since 2009 (3.8 billion dollars) until last year, 2016 (4.6 billion dollars). However, in 2015 the brand had a slight decrease in total gross revenue (4.5 billion dollars), recovering the year after. Even Though, InterContinental Hotels and Resorts is one of the IHG's brands that brings the biggest revenue.

*Table 3 - InterContinental Information*

	2009	2010	2011	2012	2013	2014	2015	2016
<b>Total Gross Revenue (\$Bn)</b>	3.8	4.2	4.4	4.5	4.5	4.7	4.5	4.6
<b>Hotels</b>	166	171	169	170	178	180	184	187
<b>Rooms</b>	48.454	58.429	57,598	57,314	60.103	61.235	62.040	63.650

#### 4.2 InterContinental Lisboa

The Intercontinental Lisboa is a hotel with 331 rooms, specialized mainly in the business segment but also extremely attentive to its leisure customers, having mainly international guests. When compared to the other hotels of the brand in Portugal, one can assess that the hotel in Lisbon is bigger and not the traditional boutique hotel such as the one in Estoril (60 rooms and also luxury apartments) and the one in Porto. The hotel in Lisbon focuses more in its conference and banquets

expertise which was recognized when awarded as Portugal's Leading Business Hotel and as the best Conference Hotel in 2017. Despite awards, the hotel always offers a luxurious experience to both business and leisure guests. As a compensation for being loyal to the brand (Ambassadors of the IHG® Rewards Club – loyalty program), the hotel distinguish guests and ambassadors with the rooms given to each. Additionally, the latest will have a more personalized service combined with more benefits and a ‘better’ room.

Intercontinental Lisboa is managed by IHG since 2014 and the company made a few changes in its F&B facilities as well as in the Lobby/entrance of the hotel when it took over. However, it will start renovating its rooms, banquet areas and meeting/conference rooms as well, between November 2017 and the beginning 2018.

Currently the hotel have three F&B services provided for guests but also non-guests which are the Uptown bar – a mixology bar, opening from 5pm until 1am (Appendix I and II – pictures and menus), My oh My Lobby Bar –serving small meals such as salads and snack (Appendix J and J1 – pictures and menus), and finally the restaurant Akla. (Appendix K – pictures)

#### 4.2.1 Akla restaurant

The main restaurant of InterContinental Lisboa, Akla, has 80 seats (including 6 next to the show cooking table). As for the average price per person, it is around 37 to 42 Euros, not including drinks. However, these average prices are mainly practiced at dinner time since there is only the *à la carte* menu available (Appendix L – Akla’s menus).

When IHG took over the Hotel and transformed it into InterContinental Lisboa, it changed its F&B concepts. The old L’appart restaurant with French influence was changed to a more traditional cuisine but not the conventional old-style dish one would expect. The restaurant offers a vast selection in its menu always inviting customers to revisit the Portuguese roots in its dishes. The underpinning elements of each delicacy is its Portuguese way of cooking and the usage of national

products combined with the international expertise and know-how. Having this in mind, Akla is able to provide customers, the best culinary experience. Besides, Akla has a signature dish such as all the other outlets (My oh My and UpTown Bar), reflecting the investment in creativity.

The restaurant is open from 12pm to 3 pm and from 7pm to 10:30pm, serving both lunch and dinner. During lunch time, Akla has a special menu (Executive menu), where the customer can choose between a dish of meat, fish or even a vegetarian option as a main dish plus a dessert and also a drink (water or a glass of wine) for 16,5 Euros. As for dinner, only the *à la carte* menu is available nonetheless, suggestions are made by the restaurant staff to guide customers, allowing them to choose the best option according to one's preferences. As for the menus, it is changed about 2 times a year (depending on the two major seasons – the winter and the summer) and 2 extra revisions are also done to better assess the relevance of each dish.

Regarding awards, it is not only the hotel as a whole that is recognized but also the restaurant itself. In 2017, Akla was considered the best restaurant in the Portuguese food category by World Luxury Restaurant Awards, even though it was competing with another 150 restaurants across the world. The key factors of Akla's concept is the food to share, only serving aged steaks (cooked in a special charcoal oven – the Josper) and finally, the commitment of high quality and search for the highest quality products in the market which ultimately leads to its overall appeal as an upscale restaurant. Despite being awarded, the restaurant faces an issue most hotel restaurants have to deal with which is the lack of outside customers (non-guests). An Interview with Luís Mendes, the F&B manager of Intercontinental Lisbon clarified that the restaurant Akla has around 50% of guests and 50% of non-guests during lunch time. However, at dinner, the percentage of non-guests drops to approximately 20% which is something the hotel wants to improve since the restaurant is a door for profit maximization.

### *a) Internal organization (hierarchy)*

The organization of the restaurant starts with the *maitre d'hotel* which is in charge of the overall performance of the restaurant, afterwards follows the head waiter which is in charge in case the *maitre d'hotel* is not on site. And finally comes the senior waiters and junior waiters (Appendix M – hierarchy within Akla's restaurant).

In case of any complaints at the restaurant, either the *maitre d'hotel* or the head waiter will take care of the matter, having full autonomy to deal and solve the problems at hand.

### *b) Marketing Strategy*

Although, the hotel has strategies for both guests and non guests, the focus will be on the tactics for external customers. Intercontinental has banners on the outside of the hotel, mainly posted where the old hotel bar used to be (on the main road). The Public relations of the hotel also has the role of inviting journalists (high credibility in the F&B area of expertise) and bloggers and social media celebrities (with a certain amount of followers in their social media platforms) to try the restaurant and its new delicacies that are on the menu. This strategy is done in order for journalists to write about the restaurant in a high valued magazine, as for bloggers and social media celebrities is to proliferate a positive electronic word of mouth about Akla.

Furthermore, partnerships with apps (Food Friends), the Fork and zomato are also emphasized. The restaurant also participates in gastronomy fairs or events such as the 'Peixe em festa' or 'Fork fest' in order to better promote the hotel restaurant. The hotel also highlights the importance of social media such as facebook, twitter as well as their own hotel website as a way to promote its restaurants and bars. Finally, Akla's menu is planned in advanced (the previous year), having in mind the current tendencies such as a more organic lifestyle, for the hotel to be able to disclose it to the public before hand.

### *c) Targeting and Positioning*

Akla targets all people that are willing to try new concepts. People who look for quality as well as attentive and pleasant service (not intrusive).

As for the positioning of the restaurant, it wants to be seen as an up-scale restaurant that serves renewed traditional dishes with seasonal and high quality products.

### *d) Suppliers*

Regarding suppliers, Intercontinental Lisboa search for the highest quality products of the season, within national borders. The fish, more especially the tuna fish, is supplied from a fisherman in Sesimbra who has this type of fish from S.Miguel Island in Açores which is what Akla looks for, the best quality possible tuna. The hotel only buy 1 tuna since it wants to serve the freshest fish and it does not intend to buy at a large scale for that same reason. For the aged meat (with at least 30 days of aging), the hotel has only one exclusive supplier. However for the vegetable charcoal used in the oven, Akla's suppliers comes from the neighbour country, Spain (Cataluña).

Even though, Intercontinental is such a big hotel, Akla's suppliers are hand-picked in order to assure sustainable and high quality products which are closely controlled in terms of quality by the hotel.

## **4.3 Competition landscape of InterContinental Lisboa**

The contribution of the foodservice industry to the overall economy is promising, however it intensifies the competitiveness between players in that industry. In a broad-spectrum, one can assess that all hotel restaurants as well as all independent restaurants with similar positioning (upscale segment) that are in the same area of Lisbon or in Lisbon in general (at dinner time mostly) are competitors (directly or indirectly). Akla has two distinctive competitors during lunch hour and during dinner. Like it was mentioned previously, the restaurant offers a lunch menu for 16,5 Euros

which is less than half the price of a meal per person at dinner. Having this in mind, from 12pm to 3 pm, the main competitors are Epic Sana (Flor de Lis Restaurant), Altis Lisboa (Grill D.Fernando Restaurant), Sana Lisboa (Contemporâneo Restaurant) as well as street restaurants and the recently open hotel Iberostar Lisboa (Luz Restaurant). As for dinner (from 7pm to 10:30pm), the restaurant position itself in an upscale style and type of cuisine with unique concepts and any restaurant with these characteristics will be considered a competitor, according to Luis Mendes (InterContinental Lisboa's F&B manager).

#### 4.3.1 Akla's evaluation based on the Five Forces Model

When evaluating the competitive environment of a business it is important to evaluate Porter's five model (Porter, 2008). The first force of Porter is the **threat of new entrants** which is **high** in the foodservice industry. There are almost no barriers to enter and is one of the cheapest businesses to start because the investment required is not high when compared to other business industries. The second force is the **bargaining power of suppliers** which is also **high**, mostly because Akla's products are somewhat unique, the Tuna from Açores and the matured meat are two examples of two very specific items and for that reason, these components require particular suppliers, giving them more power when making business. In the foodservice industry, the **bargaining power of buyers** is **medium** because each restaurant position itself in the segment they want to target. In this case, Akla is positioning itself in the upscale segment, targeting consumers that are not so price sensitive. However, these consumers have no costs if they choose other restaurants. The fourth force of Porter is the **threat of substitutes** which is **high** mostly because consumers have endless options in the foodservice industry in Lisbon. Finally, this model evaluates the forces **rivalry among existing competitors** which is **high** in Akla's industry mostly because not only there are a lot of players in the industry but because all want to stand out. To do so, each business unit searches for competitive advantages (creating value, capturing value and sustaining it).

#### 4.3.2 Swot & Tows Analysis

According to Abraham D. (2014), total Quality Management (TQM) was also taken into account since it is a management philosophy that pursues integration of all organizational structures of a business (marketing, production, customer service, etc.). Being the TQM's focus not only on organizational goals but also meeting customers' needs. After careful analysis of the restaurant Akla, its marketing strategies, organizational structure, target and positioning, suppliers and TQM as well as its competitive set, a SWOT and TOWS analysis was developed. These analyses were the support for the recommendations for improvement and success done on the following section.

Table 4 - Akla's SWOT and TOWS analysis

Opportunities		
<b>O1.</b> Signature products <b>O2.</b> Food Trends <b>O3.</b> Hotel brand Reputation <b>O4.</b> Improved economy <b>O5.</b> Tourism growth <b>O6.</b> Social Media Trends		
Threats		
<b>T1.</b> Intense competition: Opening of several different restaurants <b>T2.</b> Bad image most people have from hotel restaurants (expensive and low quality)		
Strengths		
<b>S1.</b> 80 seats (big capacity) <b>S2.</b> Website well organized and with all the information needed (including pictures) <b>S3.</b> Signature dishes <b>S4.</b> Show cooking <b>S5.</b> Executive Menu with a more manageable price <b>S6.</b> Drinks (cocktails) Syrups and bitters for drink are done at the hotel by their mycologists <b>S7.</b> Employee training <b>S8.</b> Private areas in the restaurants <b>S9.</b> Quality service <b>S10.</b> Vegetarian options <b>S11.</b> Separate entrance from the hotel lobby <b>S12.</b> Appealing interior design <b>S13.</b> Usage of local products (organic trend)	<b>(O4 + O5; S4 + S6 + S9)</b> In the past couple of years the Portuguese economic situation has improved and combined with the tourism growth, Akla faces a bigger market than in previous years which allows it to provide more unique experiences that customers are willing to pay for a quality experience and service (show cooking and 'homemade' cocktails). <b>(O2; S10 + S13)</b> The food trends are constantly changing and Akla even focused on Portuguese cuisine should take into account new food trends (vegetarian/healthy and Asian) <b>(O6; S2)</b> Besides gastronomical trends, Akla needs to keep up with social trends (usage of social media for example). However, not only these platforms are important. The website itself is also a way to attract new customers.	<b>(T1; S3 + S4 + S5 + S6)</b> The growth of tourism led to a more intense competition not only because of the fierce competition that exists in the industry but also because it was amplified by the amount of hotels and restaurants that opened throughout the city. To counter it, Akla uses a differentiated strategy (quality service, show cooking, usage of quality local products, etc.) Besides, the fact that a quality restaurant as a more affordable price (at lunch time) it is also more attractive for locals and any other tourist that prefers more affordable options.
Weaknesses		
<b>W1.</b> Price <b>W2.</b> No branded image (compared to other restaurants) <b>W3.</b> Parking <b>W4.</b> Location <b>W5.</b> Low % of outside customers (specially at dinner time) <b>W6.</b> Quite recent restaurant (over two years) – No reputation	<b>(W1 + W5 + W6; O3)</b> Even though the restaurant is quite new (only two years) as well as pricey especially for locals, Akla can take advantage of the quality brand it is associated with (InterContinental Hotels & Resorts)	<b>(T1; W1)</b> The price practiced by Akla is higher than the '+A9:C28affordable' restaurant which consequently is looked for medium to high social classes. Besides the intense competition in the industry makes Akla's prices less attractive

## Recommendations

Hotel restaurants have an advantage when it comes to capture audience since they already have the hotel guests. The hotel restaurant is the closest and most comfortable option for someone who is either tired or busy and is staying at that same hotel (Tun, 2014). However, when it comes to the other potential audience, non-guests, normally these restaurants fall short. After a careful analysis of the overall project, the following recommendations should be taken into account by InterContinental Lisbon to further increase the probability of a successful hotel restaurant.

- Having in mind that Akla's menu change and that according to National Restaurant Association one of the trends in 2017 is the demand for ramen (Japanese noodles), Akla could combine both Portuguese cuisine with the Japanese one. The **creation of a ramen that included the famous 'porco preto iberico' and presunto to give flavour** could be a star dish for a **themed night** for example;
- The importance of smartphones nowadays is undeniable and for that reason the **creation of an App for the restaurant Akla** with all the information about it (menu, themed nights (if applicable), prices and pictures) could be created to engage people. Customers would be able to make a reservation on the app as well as choosing the dish and pay for the bill. However, the app could have information about the other outlets of the hotel such as the Uptown Bar and the MyOhMy;
- The increasingly importance of online platforms to attract new customers is clear (Gunden, 2017) and, for that reason, Intercontinental should **create an Instagram and Twitter page** if not only for Akla restaurant for the Intercontinental Lisboa where Akla would also be featured;



- **Advertise better Akla's facebook page** for a more dynamic platform (information posts are lacking as well as no followers/likes on the page);
- **Creation of an official webpage** only featuring the restaurant (including the menus, pictures, tips, recipes, chef's biography);
- **Offer parking** if the total amount of the meal exceeds a certain amount (150€);
- Give a **voucher of a drink** for the bar UpTown in the end of the meal (together with the bill), inviting customers to go to the bar afterwards but also to come back for a meal knowing that they will get a little present at the end;
- Even though I was told that the hotel does not intend to apply for Michelin stars, it is always a way to attract more customers when a **restaurant or chef have a Michelin Star** since it is associated with the highest quality products and service. Nevertheless, another option could be to **market Akla's Chef, Eddy Melo** by featuring him in the hotel's social media as well as his accomplishments as a chef can be the first step for a brighter future;
- **"Touchable experience" – Create a signature sauce or sell suppliers products in-house** as an individual product;
- **Offer cooking classes** – Kitchen experience (e.g. Savoy London);
- Add an extra meal: **Brunch**;
- When the bill is brought to the table, a **small questionnaire** should be put alongside the bill for willing customer to assess their experience, so that the hotel becomes more aware of its performance (either good or bad) in order to improve if necessary according to customers suggestions.